



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
FORMER WHITLEY COUNTY
SHERIFF'S SETTLEMENT - 1996 TAXES**

July 14, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
SHERIFF'S SETTLEMENT - 1996 TAXES	3
NOTES TO FINANCIAL STATEMENT	5
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS	7
COMMENTS AND RECOMMENDATIONS.....	13
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	19



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Michael L. Patrick, County Judge/Executive
Honorable Ancil Carter, Whitley County Sheriff
Honorable H. D. Moses, Former Whitley County Sheriff
Members of the Whitley County Fiscal Court

Independent Auditor's Report

We have audited the former Whitley County Sheriff's Settlement - 1996 Taxes as of July 14, 1998. This tax settlement is the responsibility of the former Whitley County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The former Sheriff prepared his financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the former Whitley County Sheriff's taxes charged, credited, and paid as of July 14, 1998, in conformity with the basis of accounting described in the preceding paragraph.

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

To the People of Kentucky
Honorable Paul Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Michael L. Patrick, County Judge/Executive
Honorable Ancil Carter, Whitley County Sheriff
Honorable H. D. Moses, Former Whitley County Sheriff
Members of the Whitley County Fiscal Court

Based on the results of our audit, we have presented comments and recommendations, included herein, which discuss the following areas of noncompliance.

- Former Sheriff H. D. Moses Should Eliminate The Deficit Of \$99,101 In His Tax Account
- Former Sheriff H. D. Moses Should Make Final Settlement For All Taxes
- Interest Earned In Tax Account Should Be Paid To Schools And Sheriff's Fee Account On A Monthly Basis
- Former Sheriff H. D. Moses Should Have Paid Monthly To Whitley County The Total Amount Of Advertising Cost Collected
- Former Sheriff H. D. Moses Should Have Paid All Sheriff's Fees Collected On Taxes To The Former Sheriff's Fee Account
- Tax Start-Up Funds Should Be Transferred Back To The Former Sheriff's Fee Account
- Paid Tax Bills Should Be Posted In Tax Books On A Daily Basis
- Internal Controls Over Tax Collections Are Poor And Should Be Improved

In accordance with Government Auditing Standards, we have also issued a report dated September 20, 1999, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 20, 1999

WHITLEY COUNTY
H. D. MOSES, FORMER SHERIFF
SHERIFF'S SETTLEMENT - 1996 TAXES

July 14, 1998

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 406,274	\$ 398,411	\$ 1,268,036	\$ 712,702
Tangible Personal Property	77,475	74,892	161,100	278,361
Intangible Personal Property				176,944
Bank Shares	471			1,878
Fire Protection	3,732			
Franchise Corporation	2,881	2,785	3,201	
Interest Charged on Omitted Unmined Coal	88	97	399	184
Penalty Collected On Omitted Unmined Coal	19	22	92	39
Omitted Taxes	453	523	2,210	944
Increased Through Erroneous Assessments	307	302	1,423	552
Penalties	6,898	6,704	22,861	15,788
Adjusted to Sheriff's Receipt	969	969		144
Gross Chargeable to Sheriff	<u>\$ 499,567</u>	<u>\$ 484,705</u>	<u>\$ 1,459,322</u>	<u>\$ 1,187,536</u>
<u>Credits</u>				
Discounts	\$ 6,401	\$ 6,210	\$ 16,847	\$ 14,260
Exonerations	12,539	12,295	58,862	134,331
Delinquents:				
Real Estate	31,825	30,818	119,402	55,080
Tangible Personal Property	1,216	1,176	2,503	4,306
Intangible Personal Property				494
Delinquent Unmined Coal	<u>57</u>	<u>77</u>	<u>265</u>	<u>121</u>
Total Credits	<u>\$ 52,038</u>	<u>\$ 50,576</u>	<u>\$ 197,879</u>	<u>\$ 208,592</u>
Net Tax Yield	\$ 447,529	\$ 434,129	\$ 1,261,443	\$ 978,944
Less: Commissions (a)	<u>19,309</u>	<u>18,450</u>	<u>50,458</u>	<u>41,893</u>
Net Taxes Due	\$ 428,220	\$ 415,679	\$ 1,210,985	\$ 937,051
Taxes Paid	416,026	410,092	1,199,238	932,674
State's Penalty				(449)
Prior Year Refunds	<u>10,404</u>	<u>2,363</u>	<u>687</u>	
Due Districts as of		(b)	(c)	
Completion of Fieldwork	<u>\$ 1,790</u>	<u>\$ 3,224</u>	<u>\$ 11,060</u>	<u>\$ 4,826</u>

(a), (b), and (c) See Next Page

WHITLEY COUNTY
H. D. MOSES, FORMER SHERIFF
SHERIFF'S SETTLEMENT - 1996 TAXES
July 14, 1998
(Continued)

(a) Commissions:

10% on	\$	10,000
4.25% on	\$	1,850,446
4% on	\$	1,261,599

(b) Special Taxing Districts:

Library District	\$	388
Health District		1,913
Extension District		431
Soil Conservation		342
Ambulance District		150

Total Due Districts	\$	<u>3,224</u>
---------------------	----	--------------

(c) School Districts:

County School District	\$	9,945
Corbin School District		<u>1,115</u>

Total School Districts	\$	<u>11,060</u>
------------------------	----	---------------

The accompanying notes are an integral part of the financial statement.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT

July 14, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff's office maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The former Sheriff met the requirements stated above, and as of July 14, 1998, deposits were fully insured or collateralized at a 100% level with collateral held by the county official's agent in the county official's name.

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
July 14, 1998
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1996. Property taxes were billed to finance governmental services for the year ended June 30, 1997. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 25, 1997 through May 14, 1998.

Note 4. Interest Income

The former Whitley County Sheriff earned \$6,878 as interest income on 1996 taxes. The former Sheriff distributed the appropriate amount to the school districts but did not make these distributions monthly as required by statute, and the remainder should have been used to operate the Sheriff's office. Our computation of interest income from 1996 taxes, indicated that the former Sheriff's fee account was due an additional \$282 of interest income.

WHITLEY COUNTY
H. D. MOSES, FORMER SHERIFF
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

July 14, 1998

Assets

Cash in Bank (All Tax Accounts)			\$	15,769
Deposits in Transit	\$	21,709		
Receivables:				
93 Ambulance Tax Refund Due		<u>973</u>	\$	22,682
Prior Year Receivables:				
98 Fee Account Check Charged to 95 Taxes	\$	1,595		
95 Taxes:				
State		934		
County		1,975		
Library		321		
Health		420		
Extension		280		
Soil		491		
95 Unmined Coal Taxes:				
State		124		
Library		4		
Health		101		
Extension		1		
94 Tax Account:				
94 Fee Account - CPA Schedule		854		
Interest Overpayment to Corbin School - 93 Taxes		382		
Interest Overpayment to County School - 93 Taxes		1,550		
Commissions Overpaid Fee Account		14,775		
94 Taxes-				
County		792		
Health		839		
Soil		2,726		
Extension		648		
Corbin School		799		
93 Unmined Coal-				
Health		161		
Library		82		
Conservation		38		
Extension		60		
County School		2,139		
State		69		
92 Unmined Coal-				
State		162		
County		<u>1,000</u>		
				<u>33,322</u>
Total Deposits in Transit and Receivables				<u>56,004</u>
Total Assets			\$	71,773
WHITLEY COUNTY				

H. D. MOSES, FORMER SHERIFF
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 July 14, 1998
 (Continued)

Liabilities and Outstanding Checks:

Outstanding Checks:

Outstanding Checks	\$	6,683	
Paid Obligations - 96 Taxes		2,244	
Paid Obligations - 95 Taxes		25,903	\$ 34,830

Liabilities:

Unpaid Obligations-

96 Tax Account

Due Common School-Interest	\$	17
Due Cobin School-Interest		8
Due 96 Fee Acct.-Open up Money		2,500
Due 96 Fee Acct.-Tax Commissions		348
Due 96 Fee Acct.-Sheriff's Fees		2,199
Due 96 Fee Acct.-Interest		282
Due Whitley Fiscal Court - Advertising Costs		511
Due County Clerk-Tax Bill #1504		146

Due Taxing Districts-96 Taxes:

State Taxes	4,826
County	1,790
Common School	9,945
Corbin School	1,115
Library	388
Health	1,913
Extension	431
Soil	342
Ambulance-Unimined Coal	150

Prior Year Liabilities:

95 Tax Account

Interest Due County School	2,588
Interest Due Corbin School	357
Interest Due Fee Account	3,928
Commission Due Fee Account	6,684
Sheriff's Fees Due Fee Account	5,893
Advertising Costs Due County	750
Refund Due Taxpayers	439
Public Service Companies-Overcharged School Tax	272

H. D. MOSES, FORMER SHERIFF
 SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS
 July 14, 1998
 (Continued)

Unpaid Obligations (Continued)

Prior Year Liabilities (Continued):

95 Tax Account (Continued)

95 Refund Due Taxes:

County Fire \$ 6

County School 19,446

Corbin School 620

96 Unmined Coal:

State 42

Library 662

Health 1,325

Extension 530

Soil 504

County School 16,037

94 Tax Account

Interest Due Fee Account 3,680

94 Taxes-

Library 8,418

Fire 130

County School 17,877

93 Unmined Coal:

County 988

92 Unmined Coal:

Health 150

Library 75

Soil 37

Extension 58

County School 2,128

93 Taxes:

Corbin School 14,536

90 Unmined Coal:

Ambulance Tax Paid by

96 Tax Account 973 \$ 136,044

Total Liabilities and Outstanding Checks

\$ 170,874

Total Fund Balance - (Deficit)

\$ (99,101)

THIS PAGE LEFT BLANK INTENTIONALLY

COMMENTS AND RECOMMENDATIONS

WHITLEY COUNTY
H. D. MOSES, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS

July 14, 1998

STATE LAWS AND REGULATIONS:

1. Former Sheriff H. D. Moses Should Eliminate The Deficit Of \$99,101 In His Tax Account

Based on available records, there was a deficit of \$99,101 in the former Sheriff's 1996 and prior year tax account. This resulted primarily from there being a deficit of \$73,379 from prior years, \$24,520 undeposited tax receipts in 1996 taxes and an unexplained variance of \$1,202. We recommend the former Sheriff eliminate this deficit by depositing \$99,101 from personal funds and collecting all receivable amounts due and paying all obligation amounts due as shown in our Schedule of Excess of Liabilities Over Assets which is included in this report.

Management's Response:

No response.

2. Former Sheriff H. D. Moses Should Make Final Settlement For All Taxes

Based on our audit, the following additional taxes are due the taxing districts for 1996 taxes:

Due Taxing Districts - 1996 Taxes

State	\$ 4,826
County	1,790
Common School District	9,945
Corbin School District	1,115
Health District	1,913
Extension District	431
Soil District	342
Ambulance District	<u>150</u>
Total Due Districts	<u>\$ 20,900</u>

We recommend the former Sheriff settle 1996 taxes by paying additional tax amounts due each of the above taxing districts as detailed in KRS 134.300.

Management's Response:

No response.

WHITLEY COUNTY
H. D. MOSES, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS
July 14, 1998
(Continued)

2. Interest Earned In Tax Account Should Be Paid To Schools And Sheriff's Fee Account On A Monthly Basis

The former Sheriff earned \$6,879 of interest from September 1997 to June 1998, pertaining to the 1996 tax collections. Although the amount of payments to the two school systems and the former Sheriff's fee account were very reasonable, the payments were not made on a monthly basis as required by statute. KRS 134.140(3)(b) requires the Sheriff's office to pay monthly (at the time of his monthly distribution of taxes to the boards of education) that part of investment earnings for the month which is attributable to the investment of school taxes. The remaining monthly interest should be transferred to Sheriff's fee account. Our analysis of interest income for the above period and amount indicates the former Sheriff owes the Whitley County Board of Education \$17 and Corbin Independent Board of Education \$8 for interest income. The remaining \$282 interest should be transferred to the former Sheriff's fee account. We recommend the former Sheriff pay the amount of interest due schools and fee accounts which was earned on 1996 tax collections as required by KRS 134.140(3)(b).

Management's Response:

This has been corrected.

3. Former Sheriff H. D. Moses Should Have Paid Monthly To Whitley County The Total Amount Of Advertising Cost Collected

From our analysis of advertising cost, the former Sheriff collected a total of \$1,011 from advertising 1996 delinquent tax bills. Of this amount collected, only one payment for \$500 was paid to the county, resulting in an additional \$511 advertising cost due Whitley County for 1996 taxes. According to KRS 134.440, when the county pays all delinquent publication cost, advertising cost collected by the Sheriff's office should be paid to county in order to help recoup the cost of advertising. We recommend all advertising costs be deposited in the Sheriff's tax account when collected and be remitted to the county on a monthly basis.

Management's Response:

Will be corrected.

4. Former Sheriff H. D. Moses Should Have Paid All Sheriff's Fees Collected On Taxes To The Sheriff's Fee Account

For 1996 taxes, the former Sheriff collected \$5,858 for delinquent fees and attaching individual bank accounts. The former Sheriff made two payments in April and June 1998 to his official fee account for a total of \$3,659, resulting in an additional \$2,199 due the former Sheriff's fee account. In the future, we recommend that Sheriff's fees collected on delinquent taxes be paid to the Sheriff's as collected.

Management's Response:

This has been corrected.

WHITLEY COUNTY
H. D. MOSES, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS
July 14, 1998
(Continued)

INTERNAL CONTROL - REPORTABLE CONDITIONS:

1. Tax Start-Up Funds Should Be Transferred Back To The Former Sheriff's Fee Account

Also reported under state laws and regulations.

2. Paid Tax Bills Should Be Posted In Tax Books On A Daily Basis

The former Sheriff paid the County Clerk \$2,757 for taxpayers who had paid their taxes but also appeared on the delinquent tax list. Also, the former Sheriff only paid \$25 on tax bill number 15074 in the amount of \$171, resulting in \$146 due to county clerk for the 1996 taxes. In order to help eliminate these errors, we recommend the Sheriff's office mark all paid tax bills, including mail-ins, in the tax books on a daily basis.

Management's Response:

No response.

INTERNAL CONTROL - MATERIAL WEAKNESSES:

1. Former Sheriff H. D. Moses Should Eliminate The Deficit Of \$99,101 In His Tax Account

Also reported under state laws and regulations.

2. Internal Controls Over Tax Collections Are Poor And Should Be Improved

The former Sheriff had deficiencies in internal controls over tax collections, which includes the following. We recommend the Sheriff's office implement accounting and internal control procedures for tax collection purposes.

- A) The former Sheriff did not make daily deposits of tax collections for 1996 taxes. Cash and checks were stored in a locked file cabinet inside the Sheriff's office.
- B) The former Sheriff did not reconcile daily batched tax bills with daily checkout sheets or daily deposits. These three amounts should also be reconciled to total taxes collected for regular taxes, franchise taxes and unmined coal taxes, and other taxes collected by Sheriff.
- C) Reconciliation of monthly tax collections to the monthly tax distributions was not performed. By reconciling these amounts, the Sheriff's office can ensure that all taxes collected have been reported and paid to the taxing districts.

WHITLEY COUNTY
H. D. MOSES, FORMER SHERIFF
COMMENTS AND RECOMMENDATIONS
July 14, 1998
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESSES: (Continued)

2. Internal Controls Over Tax Collections Are Poor And Should Be Improved (Continued)

D) The former Sheriff's office lacked a proper segregation of accounting duties. We noted a lack of adequate segregation of duties for the internal control structures and its operation that, in our judgement, is a reportable condition under standards established by the American Institute of Certified Public Accountants. Due to the entity's diversity of official operations, small size, and budget restriction, the official has few options for establishing an adequate segregation of duties. The official has considered additional cost when setting budget limits on spending for salaries. The cost of adequate segregation of duties is prohibitive and therefore the official accepts the degree of risk for a lack of adequate segregation of duties. Therefore, we have judged the lack of an adequate segregation of duties as a reportable condition and a material weakness.

Management's Response:

Due to a limited budget, the number of personnel could not be increased.

PRIOR YEAR:

- Former Sheriff H. D. Moses Should Make Final Settlements For All Taxes
- Former Sheriff H. D. Moses Should Eliminate The Deficit In His Tax Account
- Former Sheriff H. D. Moses Should Have Paid The County All Advertising Cost Collected On Taxes
- Former Sheriff H. D. Moses Should Have Recorded And Accounted For Sheriff's Fees Collected on Taxes
- Internal Controls Over Tax Collections Are Poor And Should Be Improved

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Michael L. Patrick, County Judge/Executive
Honorable Ancil Carter, Whitley County Sheriff
Honorable H. D. Moses, Former Whitley County Sheriff
Members of the Whitley County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the former Whitley County Sheriff's Settlement – 1996 Taxes as of July 14, 1998, and have issued our report thereon dated September 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Whitley County Sheriff's Settlement – 1996 Taxes as of July 14, 1998 is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying comments and recommendations.

- Former Sheriff H. D. Moses Should Eliminate The Deficit Of \$99,101 In His Tax Account
- Former Sheriff H. D. Moses Should Make Final Settlement For All Taxes
- Interest Earned In Tax Account Should Be Paid To Schools And Sheriff's Fee Account On A Monthly Basis
- Former Sheriff H. D. Moses Should Have Paid Monthly To Whitley County The Total Amount Of Advertising Cost Collected
- Former Sheriff H. D. Moses Should Have Paid All Sheriff's Fees Collected On Taxes To The Former Sheriff's Fee Account

Honorable Michael L. Patrick, County Judge/Executive
Honorable Ancil Carter, Whitley County Sheriff
Honorable H. D. Moses, Former Whitley County Sheriff
Members of the Whitley County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Whitley County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying comments and recommendations.

- Former Sheriff H. D. Moses Should Eliminate The Deficit Of \$99,101 In His Tax Account
- Tax Start-Up Funds Should Be Transferred Back To The Former Sheriff's Fee Account
- Paid Tax Bills Should Be Posted In Tax Books On A Daily Basis
- Internal Controls Over Tax Collections Are Poor And Should Be Improved

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be material weaknesses.

- Former Sheriff H. D. Moses Should Eliminate The Deficit Of \$99,101 In His Tax Account
- Internal Controls Over Tax Collections Are Poor And Should Be Improved

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 20, 1999

